GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3447
ANSWERED ON:07.09.2007
TAX RESTRUCTURING FOR SOLAR/HYDROGEN BASED ENERGY SOURCES
Singh Kunwar Rewati Raman

Will the Minister of FINANCE be pleased to state:

(a) whether Government has received proposal for tax concession/ restructuring to promote solar/hydrogen based energy sources; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) As far as direct taxes are concerned, a pre-budget memorandum from the Ministry of New and Renewable Energy (Planning & Coordination Division) was received wherein there was a proposal for income-tax rebate on domestic installations of solar water heaters. The proposal was that investment up to Rs. 15,000 (approximate cost of domestic solar hot water system of 2 sq. mtr. collector area) may be allowed as a saving under the existing limit of Rs. 1 lakh available for tax payers. The proposal was considered during the last budgetary exercise and was not found to be acceptable.

As far as indirect taxes are concerned, no new proposal has been received. The following benefits have already been allowed:

(i) Excise duty is exempted on non-conventional energy devices/systems like flat plate solar collector, black continuously plated solar selective coating sheets and fins and tubes, concentrating and pipe type solar collector, solar cooker, solar water heater and system, solar air heating system, solar low pressure steam system, solar stills and desalination system, solar pump based on solar thermal and solar photovoltaic conversion, solar power generating system, solar photovoltaic module and panel for water pumping and other applications, solar crop drier and system, solar lantern and solar photovoltaic cell;

(ii) CVD is exempted on vacuum tube solar collectors, concentrating solar collectors, plastic collectors or Stirling engines, for manufacture of solar energy equipment;

(iii) CVD is exempted on linear actuators for tracking systems, fresnel lenses or sun sensors, for manufacture of concentrating solar collectors.